Lam Research Corporation Announces Fiscal 2000 Third Quarter Results

Lam Research Corporation Announces Fiscal 2000 Third Quarter Results FREMONT, Calif., April 18, 2000 - Lam Research Corporation (Nasdaq: LRCX) today announced financial results for the fiscal quarter ended March 26, 2000. Revenues were $326.3 million and net income, including the benefit of a restructuring charge reversal of $18.9 million, was $67.0 million, or $ 0.48 per diluted share. Sales for the period were 113 percent higher than the prior year's third quarter and 13 percent greater than the quarter ended December 26, 1999. Excluding the restructuring charge reversal, net income for the period reached record levels at $50.7 million, or $0.37 per diluted share. This compares to a net loss of $14.7 million, or $(0.13) per diluted share for the corresponding quarter ended March 31, 1999.

New orders for March exceeded the prior quarter's orders by more than 25 percent, resulting in an expansion of backlog to an all time high. Geographic orders distribution was as follows: North America, 26 percent; Europe, 23 percent; Japan, 14 percent; and Asia Pacific, 37 percent.

Revenues increased in all regions from the prior year's corresponding quarter. Geographic sales distribution for the quarter was as follows: North America, 23 percent; Europe, 32 percent; Japan, 15 percent; and Asia Pacific, 30 percent.

After excluding the restructuring charge reversal, gross margins increased to 44.2 percent of revenues, and operating expenses of $87.0 million continued to decline as a percentage of total sales, driven by cost reduction programs and ongoing emphasis on productivity improvements.

"The fundamentals that have been driving the industry's recovery remain intact — limited capacity for leading edge 0.25 and 0.18 micron devices and the move to new materials, including copper and low-k. In addition, the industry has begun to make plans to initiate early pilot lines in support of the move to 300 mm wafers. These forces are converging at a time when basic commodity semiconductors, such as dynamic RAM and flash memory devices, are expected to be in short supply. All of these elements combined have led to a strong rebound in the semiconductor capital equipment market," stated James W. Bagley, Lam's chairman and chief executive officer.

"Lam is in the best position in the history of the company to maximize the opportunities available. Our next-generation CMP and etch products are gaining market share, our business processes are enabling our lean initiatives, and our level of customer trust is increasing," continued Bagley. "In addition, the successful implementation of our corporate-wide enterprise resource planning system is a key milestone for the company and highlights our commitment to business practices and processes that are the hallmarks of a world-class organization," Bagley concluded.

This press release contains certain forward-looking statements which are subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, but are not limited to, the prospective demand for the company's products, acceptance, market share and competitiveness of the company's products and market transition to new processes, the company's plans and objectives for future operations and product development, and continued capital spending in the semiconductor industry. Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition and other risks detailed in documents filed with the Securities and Exchange Commission, including, specifically the report on Form 10-K for the fiscal year ended June 30, 1999 and the Form 10-Q for the quarter ended December 26, 1999, which could cause actual results to vary from current expectations. The company undertakes no obligation to update the information in this press release.

Lam Research Corporation is a leading supplier of front-end wafer processing equipment and services to the worldwide semiconductor manufacturing industry. The company's common stock trades on the Nasdaq National Market under the symbol "LRCX". Lam's World Wide Web address is http://www.lamrc.com.

(1) Diluted earnings per share for the three month period ended March 26, 2000 assumes conversion of convertible subordinated notes (the "Notes"). Accordingly, interest expense net of taxes of $3,717 must be added to net income for computing diluted earnings per share. Conversion of the Notes for all other periods presented was antidilutive and therefore excluded from the calculation of diluted earnings per share.
